

THE STATE OF NEW HAMPSHIRE
before the
PUBLIC UTILITIES COMMISSION

Establishing a Commercial and Industrial Renewable Energy
Rebate Program

Docket No. DE 10-212

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE'S COMMENTS

Pursuant to the Commission's Notice of Opportunity to Comment in this proceeding, Public Service Company of New Hampshire ("PSNH" or "the Company") hereby submits its comments on the issues raised in the Notice of Opportunity ("Notice") and the Staff's Design Considerations dated July 26, 2010 as updated on August 26, 2010.

Eligible Participants. The so-called "straw man" contained in the Commission's Notice provides that the program will be "available to all non-residential electric customers including businesses, non-profit and governmental agencies and multifamily housing that are not eligible for the residential program." Notice at 1. Applicants for grants from the Renewable Energy Fund created by RSA 362-F:10 have been defined under the Commission's rules as "end use customers of a provider of electricity and the owner of the project. NH Code Admin. Rule Puc § 2507.04(c)(2) and (3). The language of the new sections to RSA 362-F:10 provide that "commercial and industrial sited renewable energy projects, existing generators and developers of new commercial-scale renewable generation in New Hampshire. RSA 362-F:10 X and XI. (2010 NH Laws 254:3). The new law is more inclusive than the limited plan proposed by the "straw man".

Participation by Electric Utilities. The Commission should clarify that utilities are eligible to participate in this incentive program. PSNH's energy service customers support PSNH's payments into the Renewable Energy Fund, and all of PSNH's customers contribute to the cost of the Company's use of electricity at PSNH's facilities throughout the State. Reduction in company use would benefit all customers that support PSNH's payments into the Renewable Energy Fund and support PSNH's company use. PSNH is not technically an end use customer of an energy provider under Puc § 2507.04(c)(2) and

(3), except for those facilities that are located in another franchise territory and not served directly by a PSNH generating or transmission asset, e.g. PSNH's Central Warehouse in Bow, New Hampshire. PSNH has the capability, however, to develop new commercial-scale renewable generation at its commercial and industrial sites and at the existing generators the Company owns and operates. RSA 362-F:10, X and XI. Moreover, PSNH is an "existing generator" and therefore qualifies under RSA 362-F:10, XI. PSNH's participation in the program would benefit those customers who support company use and support payments made to the Renewable Energy Fund, but who may not be able to participate directly.

Program Funding. The Commission's proposal and analysis appears to commit most of the funds to rebate programs and provides little real opportunity under a Request for Proposal (RFP) as required under RSA 362-F:10, VIII and XI. The staff analysis in the July 26 memorandum shows \$200,000 minimum for the RFP with an additional \$950,000 uncommitted. RSA 362-F:10 XI directs the commission to issue an RFP and that the RFP "shall provide such opportunities to those renewable energy projects that are not eligible to participate in incentive and rebate programs". The limit of 100 KW is understandable if the funds are assumed to be limited, and the program limited to formulaic rebates. The Commission should consider whether funding several small generators and solar hot water heaters is the best use of funds to achieve the state's Renewable Portfolio Standard ("RPS") goals. The Commission should also develop future projections of funds available for grants and consider whether it should award multi-year grants in an effort to achieve a greater amount of renewable resources as soon as possible in order to meet the New Hampshire RPS requirements.

The proposal limits the rebates to "commercial and industrial-scale solar electric arrays and solar water heating systems". Section VIII of RSA 362-F:10 calls for "competitive grant opportunities" for "thermal and electric energy projects sited in New Hampshire". Because of the limited availability of funds, the Commission may decide to limit the applicability of the grants solely to solar installations, but the statute does not limit such projects to solar powered projects. If thermal projects are not to be included in this round of rebates, perhaps more funds ought to be reserved and allocated to the RFP process to come in the Spring of 2011.

Criteria for Selection of Grant Awards. The Commission should establish a clear set of criteria to use for selecting winners among competing grant requests. For example, in addition to the criteria that are found in Puc § 2705.03 (b) (1) through (7) there should be a preference for projects that actually plan to seek certification to produce Renewable Energy Certificates (“RECs”) and sell or transfer those RECs to electric energy suppliers in New Hampshire. The Renewable Energy Fund is financed by Alternative Compliance Payments paid into the fund by energy suppliers in lieu of an affordable supply of RECs. In addition, the Commission should give a preference to projects that produce a direct and measureable benefit to a broad spectrum of New Hampshire consumers. Finally, the Commission should give a preference to projects proposed by developers who have demonstrated their capability to complete projects.

Allocation of Funds. PSNH supports the amended language concerning the “no less than 25% of funds to solar hot water and no more than 75% of program funds to photovoltaic .” PSNH also suggests that Class II monies be used first for these solar energy technologies as permitted under RSA 362-F:1.

Audit Requirement. PSNH also agrees that there should be as requirement of a recent energy audit to explore and suggest other energy efficiency opportunities; however, there should be no requirement that those options be pursued before a rebate is approved. The audit could have already been performed prior to the application but only during a small window of one to two years before the application. The customer should be allowed to decide where its funds are best used.

Conclusion. PSNH appreciates the opportunity to comment on the issues raised in the Commission’s Notice. PSNH believes that the straw man proposal is a positive step, and with some relatively minor modifications, as described herein, can provide meaningful contribution to the renewable portfolio in New Hampshire.

Respectfully submitted,

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Date

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